

Message Text

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E.O. 11652: N/A
TAGS: EFIN, YO, GW, FR, UK
SUBJECT: JOINT FRENCH-YUGOSLAV BANK ESTABLISHED

1. DURING THE FIRST WEEK OF FEBRUARY, THE FOUNDING ASSEMBLY OF "BANQUE FRANCO-YUGOSLAVE" WAS HELD IN PARIS. FOUNDING MEMBERS WERE THE FRENCH BANKS SOCIETE GENERALE AND BANQUE DE PARIS ET DES PAYS-BAS, EACH WITH 2500 SHARES; BEOGRADSKA BANKA (YUGOSLAV AGENT AND PRINCIPAL ORGANIZER) WITH 716 SHARES; AND JUGOBANKA, JUGOSLAV INVESTMENT BANK, LJUBLJANSKA BANKA, PRIVREDNA BANKA (ZAGREB), PRIVREDNA BANKA (SARAJEVO), AND ZAGREBACKA BANKA (ZAGREB), EACH WITH 714 SHARES. EACH SHARE IS VALUED AT 100 FRENCH FRANCS, BRINGING THE SUBSCRIBED CAPITAL OF THE BANK TO 10 MILLION FF. THE BANK WILL BE LOCATED IN PARIS AND WILL HAVE A FRENCH PRESIDENT AND A YUGOSLAV DIRECTOR GENERAL (LJUBISA LIKIC - FORMERLY SECRETARY GENERAL OF THE YUGOSLAV ASSOCIATION OF BANKS).

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2. THE YUGOSLAVS SEE THE JOINT BANK AS AN INSTRUMENT TO ENCOURAGE AND FINANCE YUGOSLAV EXPORTS TO FRANCE, A VEHICLE FOR PROMOTING AND FINANCING JOINT VENTURES AND OTHER FORMS OF COOPERATION BETWEEN THE TWO COUNTRIES, A METHOD OF COLLECTING THE SAVINGS OF YUGOSLAV GUEST WORKERS EMPLOYED IN FRANCE. INDUCEMENTS TO YUGOSLAV GUEST WORKERS TO OPEN SAVINGS ACCOUNTS IN

THE BANK INCLUDE HIGHER RATES OF INTEREST THAN CAN BE OBTAINED IN FRANCH BANKS AND THE POSSIBILITY OF USING THE DEPOSITS TO OBTAIN CREDITS FROM PARTICIPATING BANKS IN YUGOSLAVIA. THE FRENCH SEE THE BANK, ACCORDING TO SENIOR BEOGRADSKA BANKA MANAGERS, AS A METHOD OF INCREASING THEIR EXPORTS TO YUGOSLAVIA.

3. THE FRENCH-YUGOSLAV BANK IS SIMILAR IN PURPOSE AND IN SCOPE TO THE JOINT YUGOSLAV-GERMAN BANK (LHB INTERNATIONALE HANDELSBANK A.G.) FOUNDED IN FRANKFURT IN 1973. SEVEN YUGOSLAV BANKS AND THE HESSISCHE LANDESBANK GIROZENTRALE ARE PRESENTLY SHAREHOLDERS IN THIS BANK. ALTHOUGH IT HAS REPORTEDLY NOT BEEN OVERLY-SUCCESSFUL IN STIMULATING YUGOSLAV EXPORTS OR ATTRACTING GUEST WORK REMITTANCES, IT DID SHOW A PROFIT IN 1977 -ONE YEAR AHEAD OF SCHEDULE.

4. THE YUGOSLAVS ARE ALSO INTERESTED IN THE POSSIBILITY OF AN ANGLO-YUGOSLAV BANK, WHICH WOULD BE HEADQUARTERED IN LONDON. NEGOTIATIONS HAVE BEEN HELD SPORADICALLY OVER THE PAST THREE YEARS. DIFFERING VIEWS AS TO THE FUNCTIONS OF THE PROPOSED BANK ARE HOLDING UP A FINAL AGREEMENT.

5. EMBOFF ASKED THE BEOGRADSKA BANKA MANAGERS IF A US-YUGOSLAV BANK WOULD BE FEASIBLE. THEY REPLIED THAT LIMITED OFFICIAL USE

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THE IDEA HAD BEEN DISCUSSED WITH THREE AMERICAN BANKS (CHASE, CITIBANK, AND MANUFACTURERS HANOVER) AND THAT IT WAS LEGALLY POSSIBLE. NONE OF THE BANKS HAD REJECTED THE IDEA AND, IT WAS LEFT OPEN FOR FURTHER CONSIDERATION. EAGLEBURGER

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